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Farm Output in Western Europe

Markets in Malaysia and Singapore

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In this issue:

This week's cover:

These Austrian cows are oblivious of the dairy surpluses that continue to plague Western Europe's farmers. Although the EC countries have the largest overproduction, surpluses are also a problem in Austria, Ireland, Sweden, and Finland. For a report on agricultural production in Western Europe see article beginning this page.

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High Farm Outpu

By REED E. FRIEND
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Agricultural production in Western Europe[1] remained at a high level during 1969, although it declined somewhat from the record achieved the previous year. Current prospects indicate continued high production in 1970, with little change in U.S. agricultural exports to the area.

Production of wheat—a major surplus item in many of the countries—showed a significant decrease in 1969; so did production of potatoes and sugarbeets. Production of milk—another persistent area surplus—is reported to have decreased slightly, along with that of pork. Production of beef and veal held stable, and a moderate increase occurred for poultry meat and eggs. But feedgrain production reached a record high.

[1] Includes 17 countries—Austria, Belgium, Denmark, Finland, France, West Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

n Western Europe To Continue

Wheat and dairy surpluses persist

Although Western Europe as a whole is a grain deficit area, many countries in the region produce a surplus of soft wheat. The problem is most serious in the European Community (EC), which accounts for two-thirds of Western Europe's wheat production and which had soft wheat stocks estimated at about 10 million tons as of August 1, 1969, compared with about 7 million tons a year earlier. Other countries with soft wheat surpluses include Austria, Finland, Greece, and Spain.

Wheat surpluses have resulted in large part from favorable government price policies without production restrictions. Much of the surplus wheat is used in livestock feed or exported—both requiring heavy subsidization. Feedgrain prices are presently being increased in an attempt to encourage farmers to plant more feedgrain and less wheat.

As with wheat, the EC has the largest dairy surplus in Western Europe. On January 1, 1970, EC stocks of butter totaled 345,000 tons; and nonfat dry milk stocks had climbed to 340,000 tons. Dairy surpluses also exist in Austria, Ireland, Sweden, and Finland. An extremely important source of agricultural income in Western Europe, milk production employs many small farmers who are able to use family labor to achieve relatively high income per acre of land. This situation makes politically unpalatable any decision to curb surpluses by lowering milk prices, although some other measures are being taken to dampen milk production and to dispose of surpluses. In the EC these measures include subsidies to encourage cow slaughtering and the nonmarketing of milk; to increase the consumption of cold storage butter; and to stimulate greater use of nonfat dry milk and butter in calf, pig, and poultry feeds.

Production varies by country

Declines in agricultural production in 1969 were more pronounced in Sweden and Norway than in other Western European countries. The reduced output centered primarily in grain and potato production in both countries and in sugarbeet production in Sweden. Some of the other countries experiencing much lesser declines in agricultural output were Belgium-Luxembourg, France, West Germany, Denmark, and Portugal. All of these countries evidenced some decline in grain production.

The most notable increases in farm production occurred in Greece and the Netherlands, for grain and meat, including poultry (and for milk in the Netherlands only). Farm production in Italy, Spain, and the United Kingdom experienced little change from the 1968 levels.

Grain and meat production

Western Europe's total grain production for 1969 is estimated at 120 million tons, compared with the record 121 mil-

Western Europe's growing farm production. Far left, harvesting corn in northern France. Above left, Italian tomato processing plant. Lower left, modern livestock facilities in Denmark. Below, Greek women transplant seedlings in a tobacco field.

lion tons produced in 1968. The decrease in wheat production—down about 5 percent from 1968—reflected both reduced acreage and less favorable weather, but was largely offset by increased feedgrain crops. The output of barley, the area's dominant feedgrain, increased to nearly 39 million tons, with several countries producing record crops. A still greater increase was achieved in corn production, which reached a record of 14 million tons.

Between 1968 and 1969 the Western European production of beef and veal changed little while pork production declined. Increased beef and veal output in most Western European countries—notably West Germany, Portugal, Finland, and Italy—was offset by decreases in France, the United Kingdom, and Denmark. Pork production declined slightly, largely owing to decreases in the French, West German, and Danish output.

Poultry meat production in Western Europe has steadily increased in recent years, climbing to a record 2.7 million tons in 1969. Broiler production has expanded rapidly in the Netherlands, Spain, the United Kingdom, West Germany, France, and Italy.

Setbacks and progress in the EC

Monetary instability in the EC in 1969 (including devaluation of the French franc and revaluation of the German mark) led to emergency trade measures which set back its common agricultural policy (CAP). As a result of the devaluation of the franc, import subsidies and export taxes are being applied to a number of agricultural commodities through August 1971 to equalize French and Community prices.

The EC has been unable to agree on a large-scale program for restructuring its agriculture. Although agreement has been reached on the future financing of the CAP, no limit has been placed on its burgeoning costs. However, the EC is expected to be completely self-financed (independent of direct member state contributions) by January 1, 1978. Negotiations aimed at expanding EC membership to include the United Kingdom, Ireland, Norway, and Denmark are scheduled to start in late June of this year.

Imports stabilize; exports advance

Western Europe's agricultural imports totaled nearly $22 billion in 1968, about equal to the 1967 level (aggregate data for 1969 are not yet available). Agricultural exports totaled $10.4 billion—almost 6 percent above the 1967 level.

Fruit and vegetables; cereals and cereal preparations; meat and meat preparations; natural fibers (including cotton); and coffee, tea, cocoa, and spices are among the major agricultural products imported by Western Europe. Between 1966 and 1968, imports of grain and grain preparations declined by one-tenth of $318 million, while imports of all natural fibers decreased by one-sixth or nearly $400 million. Increased domestic production was largely responsible for the decline in grain imports. The shift towards greater use of manmade fibers as well as the stagnation or even deterioration of the textile industries in many Western European countries accounted for the decrease in natural fiber imports.

Imports of fruit and vegetables in 1968 were below both 1966 and 1967 levels; while the value of coffee, tea, cocoa, and spice imports continued to rise. Meat and meat preparations imported in 1968 were slightly below the level of a year earlier, but slightly above their 1966 level.

Major agricultural products exported by Western Europe include fruit and vegetables, meat and meat products, grain

WESTERN EUROPE: PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES

Commodity	Average 1960-64	1965	1966	1967	1968	1969 [1]
	Mil. metric tons	*Mil. metric tons*	*Mil. metric tons*	*Mil. metric tons*	*Mil. metric tons*	*Mil. metric tons*
All grains	95.9	105.5	102.6	118.3	120.6	120.1
Wheat	39.0	45.3	39.9	47.1	47.6	45.3
Barley	25.2	30.3	31.9	37.4	37.8	38.9
Corn	8.5	9.0	10.3	10.6	12.4	13.8
Potatoes	71.9	60.5	61.7	66.3	63.3	56.2
Sugarbeets	57.1	59.8	61.8	68.5	72.2	69.3
Beef and veal	5.7	5.5	6.0	6.3	6.5	6.5
Pork	6.7	7.5	7.7	7.9	8.3	8.2
Mutton and lamb	.7	.7	.8	.8	.7	.7
Poultry meat	1.5	2.0	2.3	2.4	2.5	2.7
Milk, cow's	102.6	107.7	109.8	112.2	114.2	114.0
Eggs	3.6	3.8	3.9	4.1	4.16	4.23

[1] Preliminary.
The Agricultural Situation in Western Europe—Review of 1969 and Outlook for 1970, Economic Research Service, USDA, 1970.

SELECTED AGRICULTURAL EXPORTS AND IMPORTS OF WESTERN EUROPE

Item	Exports 1966	Exports 1967	Exports 1968	Total imports 1966	Total imports 1967	Total imports 1968	Imports from U.S. 1966	Imports from U.S. 1967	Imports from U.S. 1968
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
Live animals	414.8	476.0	536.4	613.6	648.2	713.2	10.9	9.2	9.6
Meat and meat preparations	1,429.6	1,539.1	1,636.5	2,413.6	2,445.7	2,426.0	97.2	77.8	70.9
Dairy products and eggs	1,194.8	1,289.2	1,335.9	1,212.5	1,256.4	1,239.0	15.0	4.3	2.4
Cereal and cereal preparations	1,127.3	1,200.0	1,387.2	3,063.8	2,954.3	2,746.2	1,228.9	811.1	796.9
Fruit and vegetables	1,798.7	1,878.4	1,883.6	3,714.8	3,766.8	3,682.7	223.8	209.3	167.9
Coffee, tea, cocoa, spices, etc.	302.9	371.4	427.8	1,950.4	2,033.0	2,175.3	7.1	6.6	5.6
Animal feed	331.9	390.9	404.8	1,286.6	1,240.2	1,265.6	257.0	249.1	271.4
Wine	390.6	413.1	448.5	496.8	422.1	437.9	[1]	[1]	[1]
Tobacco, unmanufactured	138.4	164.6	130.3	737.4	781.1	766.8	352.4	370.4	372.1
Hides and skins	389.3	349.7	383.4	880.8	728.6	768.9	71.6	51.6	59.5
Oilseeds, oilnuts, and oil kernels	44.7	40.6	42.0	1,217.8	1,151.0	1,141.1	500.1	517.8	511.4
Natural fibers	637.4	562.2	550.2	2,747.9	2,399.6	2,348.8	146.6	149.9	130.4
Others	1,172.8	1,211.3	1,276.1	2,407.7	2,329.9	2,272.5	143.1	119.7	101.5
Total	9,373.2	9,886.5	10,442.7	22,743.7	22,156.9	21,984.0	3,053.7	2,576.8	2,499.6

[1] Less than $50,000.
The Agricultural Situation in Western Europe—Review of 1969 and Outlook for 1970, Economic Research Service, USDA, April 1970.

and grain products, and dairy products. France and the Netherlands are the leading exporters of agricultural products, followed by Denmark and Italy. Much of the recent increase in Western Europe's agricultural exports is attributable to larger exports of grain, livestock, and livestock products. Wheat accounts for about half of Western Europe's grain exports, and France is the leading grain exporter.

Implications for the United States

Imports of U.S. farm products by Western Europe peaked at $3.1 billion in 1966 but declined to approximately $2.5 billion in 1967 and 1968. A further decline occurred in 1969, when U.S. agricultural exports to Western Europe decreased by $265 million. Wheat, feedgrains, fruit and vegetables, and cotton from the United States have experienced major declines, while U.S. exports of tobacco and oilseeds have remained at a high level.

Prospects for Western European feedgrain imports in 1970 are not bright for the United States. The record feedgrain crop in 1969 and the increased use of soft wheat for feed have reduced the import requirements of the region. U.S. exports of feedgrains—primarily corn—to Western Europe may also face increased competition from other substantial suppliers during 1970.

U.S. cotton exports to Western Europe dropped sharply in 1969, owing to increased competition and limited supplies of the type of cotton required by European millers; but they are expected to increase modestly during 1970. Owing to the continual expansion of livestock and poultry production in many Western European countries, exports of oilseeds, cake, and meal—especially soybean products—to the region appear quite favorable. U.S. variety meats and specialty products should also continue to be in strong demand in Western Europe during 1970.

1970 production outlook

Based on the limited data now available, Western Europe may experience some decline in small grain production in 1970. A wet fall and a late, cold, wet spring have curtailed the planting of small grains—particularly in France, where the area sown to wheat is reported at about 10 percent below the 1969 total. Any decrease in the wheat and barley output of France, however, will be partly offset by increased plantings of corn. Grain production in Western Europe as a whole will largely depend on weather conditions for the remaining part of the season.

Production of beef, veal, and pork may expand moderately in 1970. Egg output is expected to remain stable, but broiler production should continue to expand. Milk production in 1970 may remain near the 114 million tons produced in recent years, with surplus production of butter and nonfat dry milk continuing to persist.

Sharp Decline in Australia's 1969 Sugar Production

Australia, the most extensively mechanized sugar-producing country in the world, suffered a sharp decline in raw sugar output during 1969. Unfavorable growing conditions, marked by severe drought in many areas, resulted in the country's lowest sugarcane harvest since 1965.

The total Australian cane harvest in 1969 was 15.53 million long tons, 16 percent below the record crop of 18.41 million tons harvested in 1968. South Queensland, the area most affected by drought, produced only 1.96 million tons of cane, compared to 3.40 million tons in 1968. A cane crop of 835,224 tons in 1969 was reported for New South Wales which harvested a record crop of 1.17 million tons in 1966.

With the exception of the Burdekin area in eastern Australia, the sugar content of the cane crop was generally low, and in some areas extremely low. In Queensland, the average commercial sugar content was the lowest in the past 10 years except for 1964. Low sugar content, together with reduced cane production, brought about an Australian production of raw sugar totaling only 2.12 million tons in 1969—20 percent below the 1968 level.

Domestic consumption and exports

Australia's domestic sugar consumption has remained fairly constant—about 650,000 tons annually. This varies when local fruit crops are good and the demand for sugar for canning increases.

The International Sugar Agreement which came into force in 1969 restricted Australia's sugar exports somewhat by limiting the exports to free markets at 90 percent of the basic export tonnage. Australia exported 1.40 million tons of sugar in 1969, a considerable decline from the 1968 export level of 2.05 million tons. However, the sugar industry is hopeful that world price movements will prompt higher levels of exports in the future.

Through preferential arrangements for Commonwealth sugar, Canada and New Zealand have become important markets for Australian sugar producers. In 1969, 159,000 tons went to Canada and 101,000 tons went to New Zealand. Japan, Malaysia, Singapore, and Hong Kong purchased 416,000, 150,000, 69,000, and 10,000 tons respectively.

Molasses production

The Australian production of molasses during the 1969-70 season was 433,000 tons, slightly below the 1968-69 level of 454,000 tons. Rains late in the season helped offset the earlier drought and increased the molasses output.

The United States was the main destination of Australian molasses exports in 1969, purchasing 101,095 tons—63 percent of the total 160,232 tons exported. Other significant customers were the United Kingdom and Japan.

About 85,000 tons of molasses were used as stockfeed in 1969, a substantial increase over 1968. This use is expected to increase as the facilities available in Australia for the distribution of molasses and the manufacture of molasses mixture improve.

The Australian sugar industry expects 1970 production of raw sugar to total about 2.2 million tons, slightly above the production level of 1969. However, the 1970 crop still faces several months of unpredictable weather before harvest begins. Recent reports show that growing conditions have been favorable in most of Queensland, although dry weather has slowed cane development somewhat in South Queensland.

—Based on dispatch from
the Office of the Agricultural Attaché, Canberra

In effort to curb dairy surplus

EC Subsidizing Slaughter of 290,500 Milk Cows

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The European Community Commission recently announced that the EC will subsidize the slaughter in 1970 of 290,460 dairy cows and the retirement from milk production of an additional 129,811. The subsidization plan is part of a program announced in December 1969, to reduce the dairy surplus by encouraging farmers to slaughter their entire dairy herds, or to switch from milk to beef production.[1] The initial goal was 250,000 dairy cows under each of the two measures.

The number of cows subsidized for slaughter in 1970 exceeds the initial goal by 16 percent, but the number of cows subsidized for "nonmarketing of milk" dropped under the planned number by 48 percent.

The more than 290,000 cows to be slaughtered during the first half of 1970 amount only to about 1.3 percent of the EC's total dairy herd. Under the nonmarketing of milk scheme, about 0.6 percent of the EC dairy herd will be withdrawn from milk production. Thus, the two measures together account for less than 2 percent of the Community's dairy herd. The EC Commission views the results of the program as "disappointing," since it will lead to no significant reduction in the milk surplus.

About 65,000 farmers will receive slaughter subsidies; only an average of 4.5 cows will be moved to slaughter by each of these farmers. Under the milk nonmarketing measure, about 7,000 dairymen will receive subsidy payments; each will remove an average of 19.2 cows from milk production. Of the cows to be slaughtered under the EC's subsidized program, 54 percent are from herds ranging from two to five cows. About 40 percent are from herds of from six to 10 cows; the rest of the cows are from herds numbering more than 10 cows, although subsidies under this measure are limited to $2,000 per farm (10 cows at $200 per cow). Small dairy farmers—owning two to five cows—make up almost three-fourths of the farmers who have agreed to slaughter all of their cows. (The average number of cows per farm throughout the EC is estimated to be less than five.)

Data on the subsidy for nonmarketing of milk—the measure complementary to the EC slaughter subsidy—are only fragmentary. Dairy producers with more than 10 cows could receive a subsidy of up to $2,000 if they agreed to cease delivery or marketing of milk and milk products and maintain their herds at least at their original sizes for beef output. Applications have been received from about 7,000 farmers and cover only about 130,000 cows.

Impact by country

The slaughter subsidy will have its greatest impact in West Germany, where a total of 168,200 cows, or almost 3 percent of German dairy herds, will be slaughtered. Although West Germany accounts for only slightly more than 25 percent of the total EC dairy herd, its share of the total number of cows subsidized for slaughter is the largest—58 percent.

More than 40,000 West German farmers have agreed to slaughter all of the cows in their dairy herd. One-fourth of West Germany's cows are in herds of from two to five cows, but almost 60 percent of the cows subsidized for slaughter will come from herds of this size. The subsidy program will, in effect, permit many of the small producers to leave the dairying business. The EC Commission believes that about half of the West German subsidies were granted to producers who had already planned to stop milking production soon, and

A herd of French Friesian cattle (Francaise Frisonne pie noir), in Petit Verly, Aisne Department, 1968. French farmers use these cattle both for meat and milk.

EC: COWS SUBSIDIZED FOR SLAUGHTER, SPRING 1970, BY HERD SIZE

Country	Total number of cows	Herds of 2-5 cows	Herds of 6-10 cows	Herds of 10 or more cows
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*
France	49.5	25.4	19.1	5.0
West Germany	168.2	100.8	61.1	6.3
Italy	33.2	12.7	14.6	5.9
Netherlands	14.9	3.9	8.4	2.6
Belgium	23.8	12.1	9.8	1.9
Luxembourg	.9	.5	.3	.1
Total EC	290.5	155.4	113.3	21.8

"Europe," Agence Internationale d'Information pour la Presse. Apr. 27, 1970.

[1] See "EC Takes Further Measures to Diminish Milk Surplus," *Foreign Agriculture,* Nov. 17, 1969.

that the program will only hasten the process of retirement by about 6 months.

About 17 percent of the cows to be slaughtered under the EC subsidy program are in France. Although this country has the largest share of the EC dairy herd—44 percent—a stipulation by the French Government that farmers must be at least 55 years of age to qualify for the subsidy probably restricted participation. Although only one-eighth of the cows in France are in herds of 5 cows or less, more than half the cows subsidized for slaughter are from herds of this size.

Most of the Italian applications for the slaughter subsidy came from low-income farmers in south central Italy and the islands who want to abandon dairying on their farms. These areas account for roughly one-fifth of the total dairy herd in Italy. In the dairy belt of northern Italy, where herds are of larger size, cows selected for slaughter totaled only about 3,000. Less than 1 percent of the country's dairy herd will be slaughtered under the subsidized program. Italy accounts for roughly 8 percent of the cows subsidized for slaughter although 16 percent of the EC's dairy herd is located there.

In Belgium, where more than 2 percent of the herd was approved for slaughter under the subsidy program, three-

EC: TOTAL MILK COW NUMBERS, AND NUMBER SUBSIDIZED FOR SLAUGHTER, SPRING 1970

Country	Number of milk cows [1]	Number subsidized for slaughter	Percentage of country's herd
	1,000 head	*1,000 head*	*Percent*
France	9,700.0	49.5	0.5
West Germany	5,848.3	168.2	2.9
Italy	3,560.0	33.2	0.9
Netherlands	1,903.0	14.9	0.8
Belgium	1,075.0	23.8	2.2
Luxembourg	61.4	0.9	1.5
Total EC	22,147.7	[2] 290.5	1.3

[1] Latest census figures—from attaché reports, Foreign Agricultural Service, USDA. [2] Rounded to nearest hundred.

"Europe," Agence Internationale d'Information pour la Presse. Apr. 27, 1970.

A tranquil pasture scene in the dairy region of Schleswig-Holstein in North Germany. It is dairy herds like these that will be affected by the EC programs.

fourths of the subsidies were granted to farms in the northern Provinces of the country. Farms there are generally smaller than in the southern area. More than one-half of the cows subsidized for slaughter are from herds of five or less, and indications are that some of these farmers are converting from dairying to calf-fattening operations, or to pig or poultry production.

More than four-fifths of the Dutch dairy farms have more than 10 cows. Thus, the cows subsidized for slaughter in the Netherlands—0.8 percent of the herd—tended to be from larger herds compared with the rest of the EC. Numerous factors will tend to limit the number of Dutch farmers leaving dairying or converting their operation to beef production. Among these are the availability of large amounts of good quality roughage, favorable milk prices, high milk yields per cow, and high calf prices (for veal or herd replacement).

Luxembourg accounts for only a small fraction of dairying in the EC. However, more than 35 percent of this country's agricultural income comes from dairying. The slaughter subsidies tended to hasten the exit from milk production of older farmers since 60 percent of the applicants had planned to retire from dairying within 2 years anyhow. This measure also encouraged some part-time producers to abandon milk production.

Probable results

The two measures being implemented by the EC will temporarily reduce the dairy herd in the Community to the 1967 level. It is expected that improved breeding of dairy cattle, along with expected expansions in the French and Dutch dairy herds, would cause any decline in milk production to be short-lived. To some extent, applicants were older farmers or other farmers who were merely taking advantage of the subsidies to hasten an already planned retirement. In fact, annual variation in the weather is likely to have more of an impact on milk output than will the EC policy measures.

Pact with EC calls for annual shipment of approximately 52,000 tons of baby beef, but 1969 shipments to EC were only 45,347 tons. Will first year of agreement bring problems in meeting demand?

Trade Figures Show Yugoslavia's Baby Beef Supply Short

Yugoslavia's new 3-year trade pact with the European Community (EC) went into effect May 1, and already there are indications that the country may experience difficulty in 1970 in taking full advantage of its benefits.[1] The pact, which reduces import levies on certain quantities of Yugoslav baby beef exported into EC countries, is expected to benefit Yugoslavia's balance of payments in general and its livestock industry in particular. But the industry may have problems supplying the required quantities. (Yugoslav baby beef is similar to American yearling beef.)

Agreement reduces import levies

The agreement reduces EC levies on Yugoslav baby beef by as much as 25 percent for its 3-year duration. The amount of levy reduction varies according to the time of the year, the relationship of several categories of prices within the EC, and whether the exports are sent to an EC-member nation during the first 2 years of the pact or in its last year.

The levy reductions apply to baby beef shipments to the EC made in the period 1970-72, but the annual total of such shipments (to which these duty concessions apply) is not allowed to exceed by more than 15 percent the average of shipments recorded between 1967-69. Complete data to establish the levels for the 3-year base period have not yet been announced. The statistics that are currently available indicate that this base will be approximately 52,000 metric tons.[2] Increasing this figure by the 15 percent allowable under the trade pact means that Yugoslavia will receive a reduced levy on annual exports to EC countries of 60,000 metric tons of baby beef. (The pact does not limit Yugoslavia's yearly exports into the EC to that figure; it merely means that shipments exceeding that weight will be subject to the full duty.)

Baby beef exports dropped in 1969

The problem facing Yugoslavia is that in 1969 its exports of baby beef were down. Exports to all markets dropped from approximately 97,600 tons in 1967 and 1968, to 80,000 tons in 1969, a decline of 17 percent. This drop in exports grew out of two factors: Adverse market conditions in 1968, and a rapid selloff of lightweight feeder-type cattle to Italian purchasers the following year. As a result of these sales, Yugoslav herds are still down somewhat.

Of the 80,000 metric tons of baby beef exported to all customers in 1969, Yugoslav trade data show that 45,347 tons[3] were sold to EC countries in that year. This amount represented about 56 percent of Yugoslavia's total baby beef exports to all destinations; 95.8 percent of these exports went to one country, Italy. The amount exported to all EC countries in 1969 was 6,770 tons less than the average for 1967-69 and 14,587 tons less than the 59,934 ceiling that can be approximated by using the trade statistics available. Thus, at first glance it would seem that Yugoslavia will have trouble meeting the demands of non-EC countries while at the same time shipping into the Community the approximately 60,000 tons of baby beef allowed by the agreement.

Yugoslavia may change planning

It may be possible for Yugoslavia to reach the 60,000-ton ceiling by making some adjustments in its planning. In the past, slaughter weights of Yugoslav heifers and bull calves have tended to average near the minimum weights acceptable for baby beef (800-875 lb.). A longer feeding period could bring export baby beef animals to slaughter weights averaging 1,000 pounds for heifers and 1,100 pounds for bull calves. There is plenty of corn on hand; it is only necessary to add 175 pounds per head to baby beef animals destined for the EC to bring total exports to 55,000-60,000 metric tons on a carcass weight basis.

Yugoslavia may be able to divert some of its baby beef from other world markets for shipment into EC countries. Over the 1967-69 period, 44 percent of its baby beef exports went to countries other than the EC. Switching only a few percent could easily add considerable quantities to the lucrative EC market. Yugoslav agricultural planners may also develop other plans in order to ship 60,000 tons of baby beef to EC markets and will not deprive any other market of too great a share.

Baby beef—a specialty export

Yugoslavia's baby beef is of Simenthal stock. Two categories of this breed qualify as baby beef under the terms of the agreement: heifers and bull calves in the age range 12-18 months (not yet having their second teeth). They must dress out at not less than 58 percent of live weight. For male animals (bull calves), the slaughter weight must be 875-1,125 pounds; for females, 800-1,050 pounds. Carcasses must weigh as follows: Whole, 450-675 pounds; halves, 225-337.5 pounds; forequarters, 112.5-170 pounds; and hindquarters, 99.2-149.9 pounds, or 83.7-134.4 pounds, depending of the method of preparation.

Yugoslavia's baby beef is a specialty product of several large government farms and is raised expressly for export. Only 12-15 percent is consumed in the country, mostly in expensive hotels and restaurants catering to the tourist trade. It is estimated that about 400,000 head of young Simenthal stock are produced annually, 350,000 for export. The beef resembles U.S. yearling beef in that the feeding practices and slaughter weights are similar to those for U.S. animals 12 months of age or less. Yugoslav baby beef is pink in hue and shows less fat than American yearling beef.

—Based on a dispatch from FRANK W. EHMAN
U.S. Agricultural Attaché, Belgrade

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[1] The agreement was reviewed in *Foreign Agriculture's* issue of May 4, 1970. This article presents additional data subsequently received.

[2] The 1967-69 base given above is calculated on annual average shipments to the EC of about 42,800 metric tons of chilled carcass meat, plus the meat equivalent of the live-animal exports. These averaged 9,300 metric tons during the 3-year base period.

[3] Totals given are based on actual chilled carcass weights of heifer and bull calves, plus the meat equivalent of exported live animals.

Agricultural Loans Aid World Production, Marketing

The largest tile drainage operation ever undertaken, road-building, irrigation, rearranging of rice paddies—these are some of the projects for which countries around the world are receiving agricultural development loans this year.

Tile drainage in the UAR

With $26 million in credit assistance from the International Development Association (IDA), an affiliate of the World Bank, the United Arab Republic (UAR) will be able to install tile drainage for nearly 1 million acres of irrigated land in the Nile Delta, making possible an increase of about 20 percent in crop production in the area. This will lead to substantially higher incomes for about 250,000 farm families and improve the country's balance of payments by increasing earnings from agricultural exports and reducing the need for food imports.

Agricultural production, concentrated in the Nile Valley and its Delta—only 4 percent of the country's land area—employs more than half the population and provides about 80 percent of exports. But, despite increases in production in the past few years, the UAR still imports over $200 million worth of food products annually. Two major constraints to increased production in irrigated lands are waterlogging and salinity. The most effective way to solve these problems has been found to be tile drainage, which removes excess soil moisture through concrete or clay pipes buried horizontally below the crop root zone, does not require permanent removal of land from crop production, and needs only minor maintenance.

On the 373,000 acres in the Nile Delta where tile drainage has already been installed, yields of the principal crops—rice, cotton, wheat, and maize—have increased substantially.

The current project will be carried out over a period of 6½ years at a total cost of $147 million. The IDA credit will be for 50 years, including 10 years of grace, and will cover the foreign exchange costs; local currency expenditures will be met by the UAR government.

Irrigation in Mexico

The Inter-American Development Bank is lending $26 million to the Government of Mexico to build small irrigation works benefiting 30,500 farm families on 99,000 acres in seven States of northeast Mexico. The project will also promote agricultural and livestock development and will provide facilities for supplying water for household use and the watering of cattle. The total cost is $53.6 million.

The project should enable farmers to increase their productivity, improve their farming techniques, and increase their incomes. Average farm income in the region, only 76.2 percent of the national average, ranges from $400 per year in the largest city, Monterrey, to an average of $20 per year in 40 percent of the region.

Maximum utilization of the region's natural resources will be achieved through comprehensive water-use studies and the rehabilitation or construction of 665 additional small-scale irrigation facilities.

In addition, the project should help to integrate the northeast, socially and economically, with the rest of the nation.

The loan is for 25 years at 3 percent interest and will be guaranteed by the Government of Mexico.

Rural development in Latin America

Greater farm output and a higher standard of living in rural areas are the goals of an agreement between the Agency for International Development (AID) and the Government of Colombia for the release of local currency funds. The agreement provides for agricultural programs which will use about one-fourth of the more than $75 million in Colombian pesos generated by current U.S. aid programs and sales of U.S. agricultural commodities for local currency.

The major agricultural programs will be undertaken by Colombia's Agricultural Reform Agency in the fields of supervised credit, technical assistance, irrigation, and land distribution. The Colombian Agricultural Institute will conduct projects to develop agricultural education, extension, and research, and the Livestock Bank will promote slaughterhouse development and make loans to livestock and dairy producers.

Development of Colombia's natural resources as well as tourism potential will be assisted by projects in forest utilization and conservation, fish production, and national parks.

Rural development is also the objective of another AID loan—$23 million to the Government of Guatemala for a joint 5-year Alliance for Progress program. This $143-million agricultural development program is designed to improve the economic and social well-being of the small farmers of the Guatemalan highlands. Much of Guatemala's rural population will receive some form of assistance and, as more vegetables, fruits, and handicrafts become available, industry and foreign trade will benefit indirectly from the loan.

Guatemala will contribute more than $20 million to the program, and contributions are also expected from the Inter-American Development Bank and the Central American Bank for Economic Integration.

Two major areas of the program are a $12.3-million basic grains project and a diversification project.

The grains project, of which AID will finance approximately two-thirds, is designed to modernize production and marketing of corn, beans, rice, wheat, and sorghum through improved seed, use of fertilizer, and efficient storage and price stabilization systems.

In the diversification project, $22.5 million will be invested to provide credit and technical assistance to encourage increased production of seven previously low-yield crops—vegetables, plantain, citrus, sesame, deciduous fruits, avocado, and flowers. Not now of major significance, these crops appear to have production potential and good marketing prospects locally in Guatemala as well as elsewhere in Central America and in other areas of the world. AID's share of the financing of this activity comes to $8.5 million.

Needed extension services will be provided through the training of extension agents, rural community leaders, cooperative directors, and other technical personnel trained to assume leadership roles in the highland areas. During the initial stages of this program, AID will provide $5.5 million and the Guatemalan Government $3.3 million.

The loan is to be repaid over a 40-year period at 3 percent interest, with an initial 10-year grace period at the rate of 2 percent.

Farm credit in Iran

A $6.5 million 16-year loan (4 years of grace) at 7 percent interest from the World Bank will assist the Iranian Government's efforts to increase agricultural production by providing additional credit for farm development. It will provide foreign

exchange for a $16-million 3-year lending program under which credits will be extended to operators of large farms—primarily for the production of oilseeds, dairy products, and meat, which Iran now imports in large quantities, and for deciduous and citrus fruits, which are important exports. Some funds will also be available for crop preparation, packaging, and cold storage enterprises. As a result of the program, farmers will substantially increase their incomes.

Although its initial contribution to Iran's total agricultural production will be relatively small, the program will make a significant start on agricultural lending in an area where results should appear rapidly; and, if successful, it can serve as a model for wider application.

Rice paddies, roads in Korea

A $10-million loan to Korea has been authorized by AID to help finance the rearrangement of more than a million acres of paddy land to boost production of rice and other food grains. Also planned under the AID loan is the reclamation of approximately 665,000 acres of upland area by 1976.

The Government of Korea will buy U.S. earthmoving machinery as well as maintenance and repair equipment for Korea's Agricultural Development Corporation, which is charged by the Ministry of Agriculture with carrying out rural improvement projects.

Paddy rearrangement in Korea is a successful current program. Usable farmland and farmer productivity are increased by reshaping and enlarging paddy fields into uniform tracts, providing better access, improving irrigation facilities, and consolidating small separated parcels of paddy land. AID's assistance to Korea in this area is expected to help meet food needs and moderate price increases, earn and conserve foreign exchange, and increase farmers' income.

The loan will be repayable in dollars over 40 years, including a 10-year grace period, with annual interest at 2 percent during the grace period and 3 percent for the remaining 30 years.

Korea is also the recipient of a World Bank loan of $40 million and an IDA credit of $15 million, both to assist in the development program of the Korean National Railroad by covering the foreign exchange costs. Railroads handle nearly three-fourths of the freight traffic and nearly half the passenger traffic of the country.

Textiles, farmers in Ethiopia

The International Finance Corporation (IFC), an affiliate of the World Bank, has made both a loan of $450,000 and a share subscription of $168,000 equivalent to the Cotton Company of Ethiopia, the country's largest integrated cotton spinning and weaving mill, to increase production, largely of higher quality fabrics. Ethiopian and Japanese investors will also participate.

An IDA credit to the Government of Ethiopia will help finance a project aimed at assisting farmers in the Humera region by providing an all-season road to the market at Asmara, building a water supply system to serve 30,000 people, and establishing a demonstration farm. The credit is for $3.1 million.

Malaysia and Singapore Increase Cotton Imports

Recent expansion of the textile industries in Malaysia and Singapore indicates favorable prospects for U.S. cotton exports to those small, but growing, hard currency markets. Cotton imports into the two countries have increased from 8,904 bales (480 lb. net) in 1964-65 (year beginning July 1) to 24,575 bales in 1968-69, and continued growth is expected during the 1970's. The upward trend in the region's cotton imports continued during the first half of the current fiscal year, when they reached almost 19,000 bales compared with 11,000 bales in the same period a year earlier.

Growing cotton market

An improving investment climate in Malaysia and Singapore has been a primary factor in spurring the establishment of a growing number of modern, fully integrated mills, developed through joint ventures between foreign and local entrepreneurs. Not long ago, the area's textile industry was bogged down by the growing nationalism of nearby countries and by the restrictiveness of local labor. In recent years, however, the industry has begun to develop; and as the mills become more efficient, their growth rate is expected to increase through the development of new markets and the expansion of traditional ones. Industrial consumption of raw cotton has grown from about 8,000 bales in 1964-65 to an estimated 34,000 bales in 1969.

Currently there are 11 textile mills in West Malaysia which operate a total of 65,000 spindles and 2,500 looms. Plans for expansion call for an additional 75,000 spindles and 1,000 looms, although no timetable has been specified. Singapore has six textile mills which together operate 47,000 spindles and 500 looms. Another 63,000 spindles will be added under Singapore's expansion plans. It is estimated that in 1969 Malaysian cotton fabric production totaled 30 million square yards, and Singapore's production amounted to a quantity only slightly smaller.

Mills in Malaysia and Singapore usually buy raw cotton through Japanese associates who operate in that area, in Japan, or in the United States, and who may have a financial interest in some mills. Some Hong Kong representatives of U.S. exporters also sell cotton to these two countries. Transactions are conducted through letters of credit or transit receipts at 8 to 10 percent interest rate on a 180-day basis.

In West Malaysia, cotton is being imported through the ports of Butterworth and Swettenham. The mills of Johore State, in southern Malaysia, will probably continue to import cotton through Singapore. In order to maintain efficient mill operations, between 2 and 3 months' supply of raw cotton is considered necessary. At current consumption rates, this would about to about 6,000 to 8,000 bales needed as operating stocks.

Staple lengths of the cotton used in Malaysia range from 15/16 inch to 1-1/16 inches, and grade ranges from strict low middling to good middling. The fineness (micronaire) is from 3.2 to 4.5 (which is considered in the generally desirable fineness range), and strength (pressley) is from 75,000 to 85,000 pounds per square inch. Yarn counts produced range from the coarser count of 10 to the finer count of 42. In Singapore the cotton used is from 15/16 inch to 1-1/8 inches staple length, with grade and micronaire identical to that of the cotton used in Malaysia. Pressley is from 80,000 to 85,000 in Singapore, and the yarn counts produced are from 30 to 45.

Outlook for U.S. cotton exports

Because of Singapore's limited land area and a tropical climate that is not conducive to the cultivation of cotton, it is not likely that cotton will be grown on a commercial scale in the region. Malaysia and Singapore will depend on imported cotton to support the expansion of their mills.

While total U.S. cotton exports during the marketing year 1968-69 dropped to the low level of 2.8 million bales compared with an annual average of 4.4 million bales during the preceding 5 years, exports to Malaysia and Singapore increased. During 1968-69 the United States was the largest supplier of raw cotton to the region, accounting for 7,873 bales. Imports from the United States during the first half of the current fiscal year declined moderately from those of the same period last year. This reflects the increased supply/price competition U.S. cotton is facing in most export markets this year.

Adequate supplies of various qualities of raw cotton at competitive prices should help insure the increased purchase of U.S. cotton by Malaysia and Singapore. However, this cotton will have to meet the increased competition from alternative sources. Also, U.S. export capabilities are affected somewhat by the long haul across the Pacific Ocean. By comparison, for example, Thailand has recently increased cotton production sharply, and may have surplus supplies for export which could compete with U.S. cotton sales in Southeast Asia.

Textile imports and exports

Malaysia's net imports of cotton fabrics averaged 86.5 million square yards annually from 1964 through 1968. The bulk of the cotton fabric imports were woven, dyed, printed, and colored. Japan, Hong Kong, the Soviet Union, and Mainland China have been the main sources of fabrics for Malaysia. Australia, New Zealand, Canada, and the United States are the primary destinations of Malaysia's own exports of processed fabrics. Also, Singapore may be a transit port for some export shipments.

Net imports of cotton fabrics into Singapore averaged 124.2 million square yards annually from 1964 through 1968. The bulk of these fabrics were woven bleached, woven dyed, printed, and colored fabrics imported mainly from Hong Kong, Japan, the Soviet Union, Mainland China, and Pakistan. The main destinations of Singapore's fabric exports were the United Kingdom and the United States. The larger net imports of cotton textiles in Singapore indicate that re-exports to Indonesia and possibly other countries must be substantial.

Industrial consumption of manmade fibers in Malaysia and Singapore is modest at present, but steadily growing. This is attributed to the use of manmade fibers in the manufacture of spun rayon yarn for export and the use of polyester fabrics blended with cotton for making shirts for both domestic and export markets.

Japanese viscose staple fibers and polyester fibers are the most popular manmade material in Malaysia and Singapore. Of the 1.7 million pounds of various manmade fibers imported by West Malaysia in 1968, Japanese fibers accounted for 1.3 million pounds. Singapore imported 6.9 million pounds of manmade fibers in 1968, with Japanese fibers accounting for 1.9 million pounds.

MALAYSIA AND SINGAPORE: NET IMPORTS OF COTTON FABRICS

Item	1964	1965	1966	1967	1968
	1,000 sq. yd.	*1,000 sq. yd.*	*1,000 sq. yd.*	*1,000 sq. yd.*	*1,000 sq. yd.*
Singapore:					
Imports	164,076	184,134	179,499	260,083	368,076
Exports	118,366	121,905	102,708	90,251	101,794
Net imports	45,710	62,229	76,791	169,832	266,282
Malaysia:					
Imports	111,153	116,269	100,175	81,532	88,886
Exports	6,468	13,104	18,706	14,373	12,862
Net imports	104,685	103,165	81,469	67,159	76,024

Departments of Statistics, Singapore, Kuala Lumpur, Kota Kinabalu, and Kuching.

Future expansion

Although textile processing is a recent development in Malaysia and Singapore, the local industries expect to meet more of the domestic fabric requirements in future years. Owing to low local wages, the recent installation of modern plants and machinery, and the help of international expertise, Malaysia and Singapore have reasonable hopes of competing effectively in the world market. Textile imports will probably decrease more rapidly than exports increase.

COTTON IMPORTS OF MALAYSIA AND SINGAPORE

Destination	1964	1965	1966	1967	1968
	Year beginning July 1				
	Bales [1]	*Bales* [1]	*Bales* [1]	*Bales* [1]	*Bales* [1]
Brazil	1,143	2,726	6,318	1,474	2,110
Burma	75	80	37	—	—
U.A.R.	—	—	—	—	2,296
India	84	168	—	42	—
Kenya	—	126	—	—	—
Mexico	355	457	79	201	2,240
South Africa	476	2,716	—	303	420
Pakistan	2,478	2,945	4,032	3,864	4,849
Sudan	—	—	—	—	2,067
Syria	—	—	453	—	—
Tanzania	424	869	1,101	4,340	2,463
United States	3,575	7,000	7,075	10,585	7,873
Others	294	675	1,415	550	257
Total	8,904	17,762	20,510	21,359	24,575

[1] Bales are 480 lb. net.

External Trade of Malaysia.

One of the chief obstacles to the future expansion of the textile industries in the two countries is their competition with one another, as well as the competition they experience from well-established industries in other textile exporting countries. Also, Indonesia, a principal textile outlet for these countries, is presently increasing the production of its own textile industry. —Based on dispatch from DALE K. VINING
Agricultural Attaché, Kuala Lumpur

Ships from all nations visit the busy port of Singapore.

Singapore: Mini Island—Maxi Market

Singapore, Southeast Asia's "city of the lion" is developing a king-size appetite for food imports—not only to supply its burgeoning population and quality-conscious tourists, but also for transshipment to other countries in the region.

Ever since Sir Stamford Raffles established a trading post on the 224-square-mile island located at the tip of the Malay Peninsula 151 years ago, Singapore has operated as an entrepôt, Southeast Asia's major transshiping point. Singapore merchants have been the middlemen funneling raw materials such as rubber, tin, and spices from neighboring countries through Singapore's godowns or warehouses and out to Western markets and, on the other hand, acting as wholesalers for food products and manufactured goods from Europe and America. To each, Singapore adds a bit of sorting, processing, or packaging.

Because of this large volume of trade, Singapore, located on one of the world's great shipping lanes and blessed with a natural harbor, now ranks its port fourth largest in the world in terms of cargo handled. In 1968, 41.8 million freight tons passed through the bustling port.

Diversification of economy

Although Singapore's role as middleman, processor, packer, and marketer for neighboring countries' raw materials continues to be an important one, the government is preparing for the time when growing nationalism and subsequent development of industry in these countries will lessen the demand for Singapore's services. Also the British military withdrawal from the island, scheduled for completion in 1971, will probably have a bearish effect on the economy.

With these eventualities in mind, the government is in the process of diversifying the economy and is transforming Singapore from a purely commercial city to an up-and-coming industrial state. The government is making an active bid to attract export-oriented industries to the island republic.

Among Singapore's attractions for industry are its virtually free port, tax-free interest on bank deposits, an immigration plan which allows those with special technical and managerial skills to reside permanently in Singapore, and a large working force. Singapore's population of 2 million (predominantly Chinese) enjoys the highest per capita income and living standard of any country in Asia except Japan. And the economy is definitely a lively one. The gross domestic product enjoyed an average growth rate of 6 percent from 1956 to 1965 and in 1968 leaped ahead by 7.7 percent.

New industries are mushrooming and the southern end of the island has been converted into an industrial estate—Jurong—which is managed by a special corporation. Shipbuilding, ship-repair and conversion, and the manufacture of electronic equipment (particularly miniature products) are among the many developing industries bolstering Singapore's economy.

Singapore is becoming an important oil-refining center and a regional base for petroleum related activities throughout Southeast Asia. New exploration activities in Indonesia and offshore from Indonesia, Malaysia, and Thailand have turned the island into a mecca for foreign oil companies.

Singapore is also establishing a modern deep-sea fishing port and hopes to serve as a regional base for the fishing fleets of major maritime nations.

The Port Authority, which is constantly improving and extending port facilities, is presently constructing a container terminal with the first phase scheduled for completion by the end of 1970. A container-handling crane should be ready for operation by 1971. It is estimated that 2 to 3 percent of the cargo passing through Singapore in 1969 was received in containers, and this volume is expected to rise to about 25 percent during the next 3 years as more containerized vessels move into the Japan-Europe run. There are also plans for a new customs-free warehouse complex where small firms which do not wish to build their own facilities may lease space for regional distribution operations—a sort of free trade zone within a free port.

Singapore's role as a transshipment point enhances its attractions for exporters. There are special transshipment rates for handling cargo destined for other areas. No storage charge is incurred on certain cargoes if reshipped within 4 weeks from the date of unloading in Singapore.

Swelling population and tourism

The expanded industry is of course bringing an influx of newcomers with sophisticated food preferences. The U.S. Ambassador recently pointed out that 10 years ago there were only 500 Americans in Singapore, today there are 4,000. And many other quality-food-conscious people are visiting Singapore as it becomes a

regular stop on the tourist trail in the Far East.

In fact, tourism is turning into a major industry in Singapore. In 1968 there were over 300,000 visitors, 25 percent more than in 1967. About 350,000 visited last year and over half a million are expected in 1972. The runway at Singapore airport is being extended to accommodate the tourist-laden jumbo jets and new luxury hotels are springing up. There are presently 32 new hotels under construction which will provide 17,000 additional rooms by 1972.

Domestic agricultural production

Although coffee, pepper, copra, pineapples, and other agricultural products are transshipped through Singapore in massive quantities, Singapore's own agricultural production is limited by its small land area. Agriculture is highly intensive, devoted primarily to livestock, vegetable, and tropical fruit production. In 1969, 6,600 acres was planted in coconut, 5,400 in fruit, 6,700 in food crops (mainly vegetables), and 1,020 acres to miscellaneous crops. Singapore's table meat production for 1969 was estimated at 1,105 long tons of beef, 1,538 tons of mutton, 20,625 tons of pork, and 10,896 tons of chicken.

The establishment of a Primary Products Division in the Ministry of National Development has boosted agricultural production via a number of development projects. Swine and poultry production are being improved through the selection of superior breeds, increasing acceptance of modern methods of animal husbandry, and the adoption of more effective animal disease and pest controls. An abattoir complex has been established to insure that meat production conforms with international standards of hygiene and quality.

Efforts are also underway to increase the island's vegetable production through the adoption of improved seeds, modern cultivation methods, and greater use of fertilizer. The feasibility of using the hydroponic system for crop cultivation is also under study, and a Colombo Plan team is working on an intensive farm improvement scheme for the island.

Two commercial wheat flour mills have been constructed recently and together they produce about 150,000 long tons of flour a year.

Marketing opportunities

However, even with stepped-up domestic production, many exporting countries are recognizing that Singapore, which normally must import one-half of its food supply, is becoming an even larger market in view of its new roles as a tourist haven and industrial base. Exporting countries such as Australia, New Zealand, Mainland China, and Denmark are making their bids for the Singapore palate.

Imports of many food products have soared during the last few years. Poultry imports jumped from 7.0 million pounds in 1966 to 10.6 million in 1969. Although Danish subsidized broilers have a definite edge in the broiler market, U.S. poultry parts are very popular. In 1968 U.S. poultry exports to Singapore reached 2,253,000 pounds, making the island the 14th largest market for U.S. poultry exports. (See *Foreign Agriculture*, Dec. 29, 1969.)

Total U.S. agricultural exports to Singapore were valued at $9,908,000 in fiscal 1969. Leading exports included unmanufactured tobacco (the largest item), poultry products, wheat, rice, citrus fruits, other fruits and nuts, and oil cake and meal.

U.S. market development effort

The first U.S. market development activity in Singapore—a trade-only food exhibit sponsored by USDA and top U.S. food firms—was staged last fall in one of the island's modern hotels. Members of the local food trade saw and sampled a wide variety of U.S. food products, ranging from beef and poultry to convenience foods. Carving demonstrations and seminars on food preparation attracted representatives from every important institutional food outlet in Singapore and gave chefs and restaurant owners their first opportunity to see food prepared and carved in the way more and more of their customers are accustomed to.

In addition to the seminars, the hotel's dining room was converted into a highly popular "Steakhouse USA" complete with Western-style decor and favorite American dishes.

The impact of this hotel show is still being felt by U.S. firms as orders for the items exhibited in Singapore continue to pour in. U.S. exporters are realizing the potential of the Singapore market and recognizing that they must make an active bid for their share of it.

Singapore, an entrepôt, is Southeast Asia's major transshipping point. It is located on one of the world's great shipping lanes and is blessed with a natural harbor. Right, a section of the port's 3-mile long wharves. Below, a view of downtown Singapore.

Warm Welcome for U.S. Frozen Foods On Display at Tokyo Trade Center

U.S. frozen and convenience foods recently captured the attention of Japanese consumers at a decoratively presented exhibit and seminar held at the U.S. Trade Center in Tokyo.

The exhibit, sponsored by FAS, featured a large variety of products of 24 top U.S. food companies, as well as displays by the Institute of American Poultry Products (IAPI).

The opening reception was attended by 222 Japanese industry executives and government officials, plus over 50 members of the press. During the week-long show, a total of 2,278 visitors thronged the blue, orange, and silver display booths set among huge carved blocks of polyethylene "ice."

Final reports indicated on-the-spot sales of approximately $270,000 and projected sales of $1,330,000 over the next year.

One of the features of the exhibit was the demonstration kitchen where Betty Sawyers, U.S. home economist, utilized the displayed products to prepare tempting dishes and explained how they could be incorporated into full and varied menus. Many of the products which she demonstrated are entirely new to the Japanese market.

Another important aspect of the exhibit was the seminars presented by USDA frozen and convenience food experts. Lewis Norwood, Jr., of the Federal Extension Service discussed "Mass Merchandising Techniques for Expanding Sales of Frozen Foods"; Robert Guilfoy, Jr., of the Agricultural Research Service, spoke on "A System of Logistics To Get U.S. Frozen and Convenience Foods in the Right Place at the Right Time and in the Right Condition"; Dora Esposito of the Consumer and Marketing Service discussed "Frozen and Convenience Foods, Today and Tomorrow"; Edwin Williams of the Consumer and Marketing Service talked about "Regulations and Controls That Guarantee Quality Frozen Foods"; and Kenneth Nuernberg of the Foreign Agricultural Service discussed the "Proper Freezing and Thawing of Beef."

An overflow audience of nearly 1,000 listened to the speakers and questioned them on technical aspects of frozen and convenience food production, preservation, transportation, and merchandising.

Some highlights of the show —clockwise from above: Kojiro Kumara, President, Japan Frozen Food Assoc., and Richard Sneider, Deputy Chief of Mission, U.S. Embassy, examine cuts of U.S. prime beef; Edwin Williams, USDA, has a rapt audience at his seminar; visitors flock to one of the many booths displaying U.S. frozen and convenience food items; Betty Sawyer's offers samples of fried chicken.

CROPS AND MARKETS SHORTS

Weekly Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	May 27	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.00	0	1.93
USSR SKS-14	([1])	([1])	1.85
Australian Northern Hard	1.75	0	([1])
U.S. No. 2 Dark Northern Spring:			
14 percent	1.91	−1	1.86
15 percent	1.99	0	1.91
U.S. No. 2 Hard Winter:			
13.5 percent	1.88	0	1.87
Argentine	1.82	−2	([1])
U.S. No. 2 Soft Red Winter	1.72	0	1.69
Feedgrains:			
U.S. No. 3 Yellow corn	1.66	−1	1.46
Argentine Plate corn	1.73	+2	1.59
U.S. No. 2 sorghum	1.43	−1	1.25
Argentine-Granifero	1.42	−6	1.23
Soybeans:			
U.S. No. 2 Yellow	3.14	+1	2.87

[1] Not quoted.
Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

German Canned Asparagus Tender

West Germany has announced—in Bundesanzeiger No. 82, May 5, 1970—a tender allowing imports of canned asparagus spears from the United States, Argentina, Australia, Brazil, Israel, Japan, Canada, Mexico, Peru, Switzerland, Spain, Thailand, and Uruguay. Applications for licenses for each country of origin are now being accepted and can be submitted through December 22, 1970.

Licenses will be issued only to applicants who have received licenses under the three previous tenders. Further, each individual's license application cannot exceed 50 percent of the total value of licenses granted to him under the last three tenders.

The first day of customs clearance will be June 16, 1970. Import licenses issued will be valid until December 31, 1970.

Spanish Almond Subsidy Possible

In a recent press conference, the Spanish Minister of Agriculture indicated that the Spanish Government is interested in expanding the country's almond output and will do so by subsidizing production and making loans available to growers.

Early in March the European Community (EC) and the Spanish Delegation in Brussels agreed upon the draft of a preferential trade agreement which is expected to be signed in early summer. The agreement calls for tariff reductions on various agricultural commodities and industrial products. Although several farm commodities were designated, no specific mention has yet been made of reductions granted on Spanish almonds and/or filberts.

Trade sources believe, however, that the government's interest in expanding almond production is related to EC tariff concessions to Spain. The EC—particularly West Germany—is a major outlet for almonds. Through tariff concessions Spain hopes to be able to get a larger share of the EC market even though competition from Italian almonds is great.

During the last 20 years, the average acreage planted to almonds has increased about 25 percent. Under the 4-year Economic Development Plan (1964-67) almond area increased by about 84,000 acres. Major emphasis is given to the production of the hard-shell almonds "Marconas" and "Larguetas." Most other varieties are marketed under the general denomination "Unselected Valencias."

India Subsidizes Sugar Exports

According to reports, the Government of India expects to subsidize the export of 80,000 metric tons of sugar during calendar year 1970. The cost of such subsidization may amount to $4,615,000. The industry will sell the sugar to the government on a no-loss, no-profit basis.

In addition to the above exports, 95,000 tons of sugar have already been designated for exports to the preferential markets of the United States and the United Kingdom and 50,300 tons to Canada. Any losses on exports to the United States and the United Kingdom will be absorbed by the industry, while any losses on exports to Canada will be borne by the State Trading Corporation.

This export plan is an effort by the Indian Government and the sugar industry to reduce the burden of unusually large stocks of unsold sugar.

Philippine Tobacco Exports Drop

The 1969 exports of unmanufactured tobacco from the Philippines fell to 72.7 million pounds, nearly one-fourth below the record 94.0 million pounds in 1968 but 57 percent above the 1960-64 average. The average export price of unmanufactured tobacco was 22 cents per pound in 1969 compared with 16 cents in 1968. Nearly all of the exports consisted of scrap cigar-filler type tobacco. More than four-fifths of the tobacco exported went to the United States, Spain, Indonesia, and the Netherlands.

PHILIPPINE UNMANUFACTURED TOBACCO EXPORTS

Country	Quantity		Average value per pound, 1969
	1968	1969	
	Million pounds	*Million pounds*	*U.S. cents*
United States	21.4	26.0	30.4
Spain	12.6	18.3	25.8
Indonesia	16.0	9.7	43.7
Netherlands	2.3	6.0	9.3
West Germany	10.7	2.8	30.9
South Vietnam	2.4	2.5	8.9
Singapore	15.8	1.2	3.9
Other	12.8	6.2	23.0
Total	94.0	72.7	22.2

Lower production in 1969 led to a reduced availability of exportable tobacco even though the domestic tobacco industry already suffers from large stocks of low-quality tobacco. Latest estimates place the 1970 tobacco crop at 205 million pounds; it is reported to be of better than average quality. This compares with 172 million pounds in 1969 and 194 million in 1968.

Peru's Fishmeal Output and Exports

Fishmeal output by Peru—the world's largest producer-exporter—made a sharp recovery in the January-March 1970 quarter to a volume of 755,000 metric tons compared with only 583,000 tons for the same quarter a year ago. This is the largest quarterly output ever produced; it exceeds the 734,000-ton record output of October-December 1967 and represents a 39-percent increase over the previous quarter. The increase took place despite a 4-week closed season in the latter half of February and the first half of March.

Peruvian exports of fishmeal in the 3-month period ending March 31 of this year amounted to 611,600 tons, compared with 514,400 tons for the same period last year and only 385,600 tons in the October-December 1969 period. Of the total exports in this last quarter, 71 percent moved to Europe, 18 percent to the Western Hemisphere, and 11 percent to Asia. Exports to other than Western Hemisphere countries thus continue to account for about 82 percent of the total—as they did in calendar 1969. This is considerably above the 67 percent of 1968 when the United States was the major single country market. The chief factor in the reduction of U.S. imports is the relatively high price ratio of fishmeal to soybean meal.

The Peruvian Government initiated a Ministry of Fisheries on February 1, 1970. The objectives of the Ministry are to regulate exports, study marine resources, and develop the necessary infrastructure for an edible fish industry—ports, ships, and refrigeration facilities.

Prices continue relatively high despite improved catch results. This may be a reflection of the uncertainty surrounding forward sales for export beyond the government's arbitrary cutoff date of September 30. Furthermore, stocks on March 31, at 440,000 tons, although nearly equal to the 450,000 tons of the previous year, are substantially below the large volumes of 1967 and 1968.

Late reports indicate that fishing since March 31 has been good and that the anchovy fishing season was closed as of mid-May. Stocks as of that date probably exceeded last year's reduced volume. At the present rate of market uptake, supplies will dwindle sharply before the beginning of the 1970-71 fishing season in September.

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